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Product Brief

Sweet Corn

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Report Highlights:

The United States dominates the market for sweet corn in Korea estimated at \$42 million. Half of all imported sweet corn is sold through the retail sector for home use and half is sold through the food service sector. Under the U.S.-Korea free trade agreement, the current 15 percent tariff will be reduced to zero in five equal, annual installments.

Includes PSD Changes: No
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Table of Contents

SECTION I. MARKET OVERVIEW 3

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS 3

 1. Entry Strategy..... 4

 2. Market Size, Structure and Trends..... 4

 3. Company Profiles 6

SECTION III. COSTS AND PRICES..... 6

SECTION IV. MARKET ACCESS 7

 1. Labeling Requirements..... 7

 2. Import Procedures and Testing Requirements..... 7

 3. MRL Standards 8

SECTION V. KEY CONTACTS AND FURTHER INFORMATION 9

SECTION I. MARKET OVERVIEW

The sweet corn market is estimated at \$42 million. Ninety-nine percent of all sweet corn imported by Korea is canned sweet corn. Consumer demand for sweet corn is mainly met by imported products as there is no local production of sweet corn. U.S. sweet corn has long dominated the Korean market with an average 62 percent market share. However, the U.S. market share has fallen in recent years and imports from competitors, especially from Thailand and France, are growing. The United States also dominates the market for frozen sweet corn with a 60 percent market share. A small, unquantifiable amount of frozen organic corn is also being imported. There is no protocol between the United States and Korea to export fresh U.S. sweet corn on the cob to Korea.

Approximately half of all imported sweet corn is sold through the retail sector for home use and half through the food service sector. In recent years home use has declined because consumers are looking for more health-oriented foods than processed canned products. However, use in the food service sector has grown as sweet corn is increasingly being used as a topping for salads, side dishes, or as an ingredient in soups. Interestingly, most restaurants using sweet corn in this way are traditional Korean restaurants.

U.S. sweet corn products are well recognized by Korean consumers for good taste and quality. The current tariff for canned sweet corn is 15 percent and frozen sweet corn is 30 percent, respectively. Under the U.S.-Korea free trade agreement, both of these tariffs will be phased out in five equal, annual installments.

Advantages	Disadvantages
No domestic production.	Price competition is prevalent.
Widely used within the traditional food service sector.	Consumers have food safety concerns about imported foods.
Generally viewed as a healthy food product and taste is readily accepted by consumers.	Marketing to develop attractiveness as food ingredient needs to be done.
Multiple retail qualities including long shelf life, low unit price, small containers and easy-to-handle shipping sizes.	Korean consumers are concerned about eating GM food and since most corn grown in the United States is GMO, there is some consumer concern with regards to sweet corn.
U.S. products strong reputation for high quality, good taste and safety	

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Sweet corn sold through the retail sector for home use is considered to be healthy, convenient and affordable. It is well liked by the older generation and children. The retail sector in Korea is undergoing a rapid change due to the development of modern mass retail businesses, changes in consumer tastes, and increasing income levels. Hypermarkets have become the single largest retail force in Korea, but on-line shopping has also seen remarkable growth. Sales of canned sweet corn through both of these types of retail outlets are already well established. Approximately 50 percent of sweet corn imports are sold through the retail sector.

The remainder is sold through the food service sector mostly in traditional, small-scale, independent restaurants and drinking houses. The origin of serving sweet corn as a side dish in traditional Korean restaurants may have come from Japan. In many Japanese drinking

houses in Korea broiled sweet corn is served mixed with mayonnaise. The food service sector is also rapidly changing and large-scale franchise restaurants are growing at the expense of the smaller, traditional restaurants. There is an increased demand for products with new tastes, added value, stable price and volume capability with specifications tailored especially for the food service sector. The use of sweet corn as an ingredient in salads and soups is common; however, marketing efforts to encourage greater use of sweet corn as an ingredient in other ways could yield positive results.

Many consumers do consider sweet corn to be a healthy food choice; however, on the whole, canned foods are considered less healthy and many consumers are opting for frozen foods instead. Frozen whole cobs and tetra paks of corn in sweet water have only recently been introduced to the Korean market. Consumers are familiar with eating corn on the cob as it is sold on the street as a snack food; however it is not sweet corn, but what Americans would consider field corn.

1. Entry Strategy

Because of the many variables involved, there is no perfect way to enter the Korean market. Success is unlikely without catered support from local partners. Established importers are well aware of the market demand/supply intelligence, local business laws and practices, distribution, and government regulations. The Agricultural Trade Office (ATO) in Seoul maintains listings of Korean importers by product or by industry, which are available at no cost to U.S. exporters. ATO Seoul also feeds trade leads from Korean importers to State Regional Trade Groups (SRTGs), which are disseminated to U.S. exporters through the network of the state departments of agriculture. ATO Seoul regularly organizes Korean buyer missions in cooperation with SRTGs and other relevant USDA cooperators to major food trade shows in the United States, such as the [Global Food & Style Expo](#) in Chicago on April 27-29, 2008 and the [National Restaurant Association Show](#) in Chicago on May 17-20, 2008. These shows offer a great opportunity to present your products to Korean visitors.

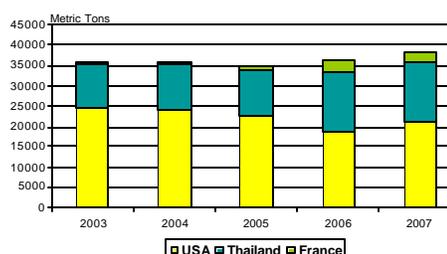
However, exhibiting in Korean food trade shows may be the most cost-efficient way of meeting a large number of Korean buyers in one place. Currently, the [Seoul Food and Hotel Show](#) (SFH) in Seoul on May 14-17, 2008 is the only show in Korea endorsed and supported by the U.S. Department of Agriculture's Foreign Agricultural Service. Exporters who are considering exhibiting in any Korean trade show may contact ATO Seoul for guidance and information. Other than SFH, most local shows are consumer-oriented and not particularly efficient for promoting new products.

2. Market Size, Structure and Trends

The total Korean import market for sweet corn is valued at \$42 million, composed of \$41,471 thousand of canned processed sweet corn imports and \$323 thousand of frozen unprocessed sweet corn imports in 2007. The United States was the major supplier with a market share of 54 percent by volume and 62 percent by value. U.S. sweet corn exports to Korea are the second largest vegetable export following potatoes and represented 28 percent of total value of U.S. vegetables exported to Korea in 2007.

Although showing slight growth in 2007, imports of canned sweet corn have been relatively flat. In general, canned corn sold in the retail sector comes in two sizes: a 7-ounce can (198 grams) and a 12-ounce can (340 grams). Food processors are able

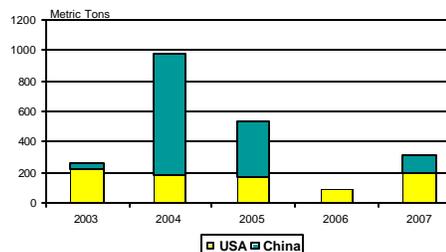
Korean Imports of Canned Sweet Corn



to purchase 75-ounce cans (2,126 grams) and 108-ounce cans (3,062 grams). Canned sweet corn is imported from the United States, Thailand and France

A small amount of frozen sweet corn is imported from the United States and China. Korean importers usually make annual contracts with U.S. sweet corn processors from August through September after the U.S. harvest season (June-July). Actual delivery takes place throughout the year. Some of the frozen corn is imported by food processors as ingredient in processed products, such as soups or as dried sweet corn in instant noodles.

Korean Imports of Frozen Sweet Corn



**Korean Imports of Canned Sweet Corn
(HS 205.80.0000)**

	2004		2005		2006		2007	
	Value (1,000 USD)	Quantity (MT)	Value (1,000 USD)	Quantity (MT)	Value (1,000 USD)	Quantity (MT)	Value (1,000 USD)	Quantity (MT)
U.S.A	26,279	23,907	24,718	22,475	22,682	18,919	25,635	21,091
Thailand	6,115	11,261	6,252	11,327	8,955	14,362	10,480	14,683
France	485	315	1,748	1,221	4,345	2,980	4,464	2,768
Others	744	629	795	807	488	408	892	746
TOTAL	33,623	36,112	33,513	35,830	36,470	36,669	41,471	39,288

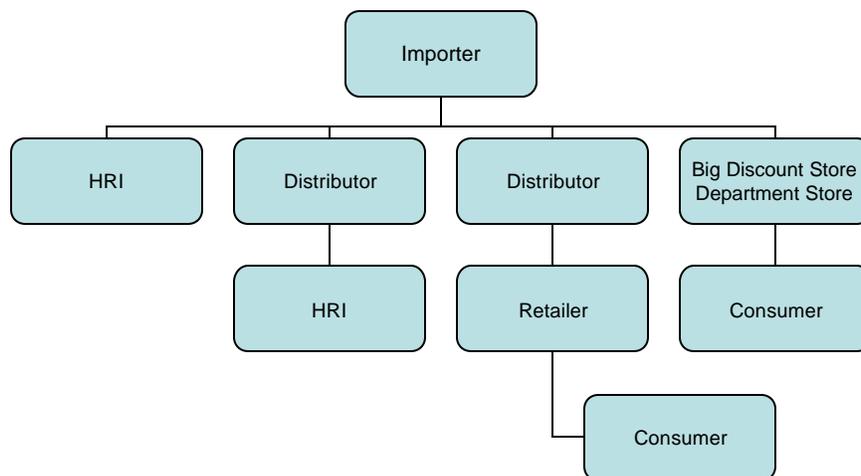
Source: Korea Trade Information Service (KOTIS)

**Korean Imports of Frozen Unprocessed Sweet Corn
(HS 0710.40.0000)**

	2004		2005		2006		2007	
	Value (1,000 USD)	Quantity (MT)	Value (1,000 USD)	Quantity (MT)	Value (1,000 USD)	Quantity (MT)	Value (1,000 USD)	Quantity (MT)
U.S.A	176	178	151	170	108	96	263	190
China	259	796	72	376	0	0	58	125
Others	2	1	4	2	0	0	2	-
TOTAL	437	975	227	548	108	96	323	315

Source: Korea Trade Information Service (KOTIS)

Sweet Corn Distribution Channel



3. Company Profiles

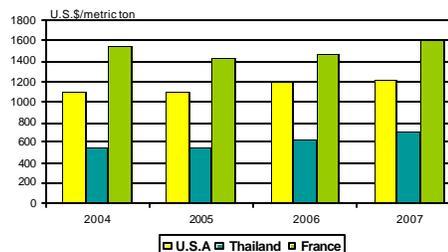
The major buyers of sweet corn from the United States are Ottogi Corporation, Dongwon F&B Co., Ltd and Dongsuh Co., Ltd; however there are many smaller importers. The major buyers of Thai sweet corn products are Welga Inc. and TS Corporation. Contact the ATO for more specific information about Korean buyers.

SECTION III. COSTS AND PRICES

The price of Thai sweet corn is about half of the U.S. sweet corn price. As a result, most of the Thai product is sold to small and medium sized traditional Korean restaurants. U.S. and French sweet corn are usually sold for home use or to high-end restaurants.

Given the price competition faced by U.S. sweet corn, the U.S-Korea free trade agreement (KORUS FTA) offers a significant opportunity for U.S. suppliers as all tariffs on all sweet corn products will be phased out within five years from the implementation of the agreement. The current tariff on imported canned sweet corn (HS 2005.80.0000) is 15 percent and imported frozen unprocessed sweet corn (HS 0710.40.0000) is 30 percent.

Price Comparison of Canned Sweet Corn by Origin



Korea has negotiated four other FTAs with third countries that will also lower the tariffs on sweet corn despite the fact that none of these third countries currently export sweet corn. Under the Korea-Chile FTA, tariffs for canned sweet corn from Chile are 8.7 percent in 2008. Under the Korea-Singapore, tariffs for canned sweet corn from Singapore are 10.9 percent in

2008. Under the agreement with European Free Trade Association, tariffs for canned sweet corn are at 13.5 percent in 2008. These tariffs will continue to decline as per the agreements. Under the ASEAN FTA, which includes Thailand, agricultural products were excluded. As a result, the tariff will remain 15 percent for canned sweet corn from Thailand.

SECTION IV. MARKET ACCESS

1. Labeling Requirements

All imported food products are required to be labeled with the following information in Korean language:

- (1) Product name
- (2) Product type
- (3) Importer's name and address, and the address where products may be returned or exchanged in the event of defects
- (4) Shelf life (until year/month/date)
- (5) Total weight or volume of the product (for canned products, solid weight must be indicated)
- (6) Ingredient names
- (7) For canned products, it must carry "warning labeling" to alert consumers not to touch a sharp edge on opened cans

Stickers may be used instead of manufacturer-printed Korean language labels; however, the sticker should not be easily removable and should not cover the original labeling. Nutritional labeling in Korean is optional; however, if it is included then it must comply with Korean nutritional labeling requirements. A nutritional label is not required for canned or frozen sweet corn. A country of origin label on the can or bag is also required.

Corn is one of the products for which Korea requires a non-GMO certificate in order to be exempt from any labeling requirements. Without the non-GMO certificate, the product will need to include "Contains GMO on the label."

For more information about labeling requirements, please see our [FAIRS Country Report, KS7053](#).

2. Import Procedures and Testing Requirements

The Korea Customs Service (KCS) and the Korea Food and Drug Administration (KFDA) are the agencies involved in the import clearance process for canned and frozen sweet corn. KCS is responsible for ensuring that all the necessary documentation is in place before the product is released from the bonded area. KCS and KFDA work within the same Electronic Data Interchange (EDI) system, which allows KFDA inspection results to be transmitted to KCS quickly, shortening the KCS clearance time. A non-GMO certificate is required for sweet corn to clear customs inspection.

3. MRL Standards

KFDA establishes and enforces MRL standards. If there is no KFDA-established standard, the CODEX standard is usually the default standard. However, CODEX standards are not accepted when an MRL is established for a given pesticide in the Korean Food Code. In the absence of CODEX standards, then MRLs set for a similar crop group shall apply.

Korean MRL Standards for Corn

Pesticide	PPM	Pesticide	PPM	Pesticide	PPM
Ethionfencarb	1	Methoxychlor	2	Phoxim	0.05
Ethoprophos	0.02	Methyl bromide(as Br ion)	50	Piperonyl butoxide	20
Ethylene dibromide(EDB)	0.5	Metolachlor	0.1	Pirimicarb	0.05
Etnofenprox	0.1	Metribuzin	0.05	Pirimiphos-methyl	5
Fenitrothion	5	Monocrotophos	0.05	Prometryn	0.25
Fensulfothion	0.1	Nicosulfuron	0.3	Propargite	0.1
Fenvalerate	2	Nitrapyrin	0.1	Propiconazole	1
Flucythrinate	0.05	Omethoate	0.01	Propisochlor	0.05
Glufosinate-ammonium	0.2	Oxadixyl	0.1	Pyrethrins	3
Glyphosate	0.1	Oxamyl	0.05	Sethoxydim	0.2
Heptachlor	0.01	Oxyfluorfen	0.05	Simazine	0.25
Imazalil	0.05	Paraquat	0.1	Terbufos	0.01
Isofenphos	0.02	Parathion	0.1	Thiobencarb	0.1
Linuron	0.2	Parathion-methyl	1	Thiodicarb	0.05
Malathion	2	Pendimethalin	0.2	Thiometon	0.05
Metalaxyl	0.05	Permethrin	0.05	Tralomethrin	0.1
Methidathion	0.1	Phenthoate	0.2	Triadimenol	0.05
Methiocarb	0.05	Phorate	0.05	Trichlorfon	0.1
Methomyl	0.05	Phosmet	0.05	Triflumizole	1
Methoprene	5	Phosphamidone	0.1	Trifluralin	0.05
				Triforine	0.01

Source: Korea Food and Drug Administration (KFDA)

SECTION V. KEY CONTACTS AND FURTHER INFORMATION**U.S. Agricultural Trade Office**

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea

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APO, AP 96205-5550

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APO, AP 96205-5550

Telephone: 82-2 397-4297 Fax: 82-2 738-7147

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For further information about sanitary and phytosanitary requirements, please contact:

USDA, Animal Plant and Health Inspection Service (APHIS)

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS
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